

**OFFICIAL FILE
ILLINOIS COMMERCE COMMISSION**

ORIGINAL

January 14, 2000

Dynegy Energy Services, Inc.

00-0008

Application for Certificate of Service Authority :
under Section 16-115 of the Public Utilities Act.

ILLINOIS
COMMERCE COMMISSION
JAN 18 11 02 AM '00
CHIEF CLERK'S OFFICE

**RESPONSE TO HEARING EXAMINER'S RULING
OF JANUARY 12, 2000**

The following information and/or clarification with respect to the items described below is submitted by Dynegy Energy Services, Inc. ("Applicant") in the above-captioned matter, and in response to the Hearing Examiner's ruling of January 12, 2000

Identity of Applicant

On December 14, 1999, the Applicant filed with the Office of the Illinois Secretary of State for a Certificate of Amendment changing its name from Dynegy Energy Services Company, Inc. to Dynegy Energy Service, Inc. A certificate reflecting the amendment to the Articles of Incorporation to effect this change in name was issued by the Illinois Secretary of State's office on January 14, 2000. (**Attachment A**). Thus the name that appears in the Section 16-115 application and its Attachments is correct.

Proof of Publication

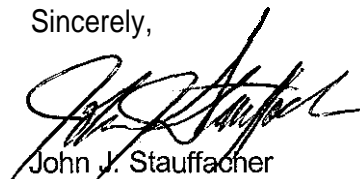
Notice was published in the official state newspaper on January 12, 2000. Attached is proof of publication as required by Section 451.30(a) of 83 Ill. Adm. Cod 451 .00-0008 (**Attachment B**)

83 Ill. Adm. Code 450.120

As stated in the original application, upon the completion of the acquisition of control of Illinova Corporation by Dynegy, Inc., the Applicant will become affiliated with Illinois Power Company ("IP"), which is a regulated utility subject to the jurisdiction of the Commission. Accordingly, Applicant and IP will be affiliated interests as that term is defined in Section 7-101(2) of the Public Utilities Act and in the

Commission's non-discrimination rule, 83 Ill. Adm. Code 450 ("Part 450"). The currently effective Services and Facilities Agreement ("S&FA"), including amendments thereto, approved by the Commission in Docket 94-0005 is attached (**AttachmentC**). Settlement discussions are currently underway in Docket No. 990419, a reorganization involving IP and Dynegy, Inc. A copy of S&FA that would govern any transactions between the Applicant and IP will be provided upon consummation of the transactions contemplated in Docket 99-0419.

Sincerely,

A handwritten signature in black ink, appearing to read "John J. Stauffacher", is written over the printed name.

John J. Stauffacher

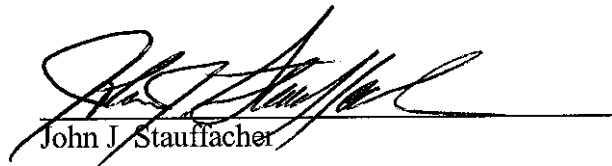
cc

Hearing Examiner: Mr. Larry M. Jones

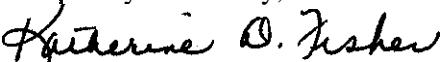
VERIFICATION

STATE OF TEXAS)
COUNTY OF HARRIS) ss

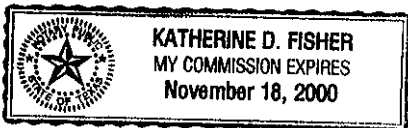
John J. Stauffacher, being first duly sworn deposes and says that he is Sr. Director of Dynegy Inc.; that he has read the foregoing response to the Hearing Examiner's Ruling in the Application of Dynegy Energy Services, Inc. (Docket 00-0008), and all of the attachments accompanying and referred to within the response; and that the statements contained in the response and the attachments are true, correct and complete to the best of his knowledge, information and belief.

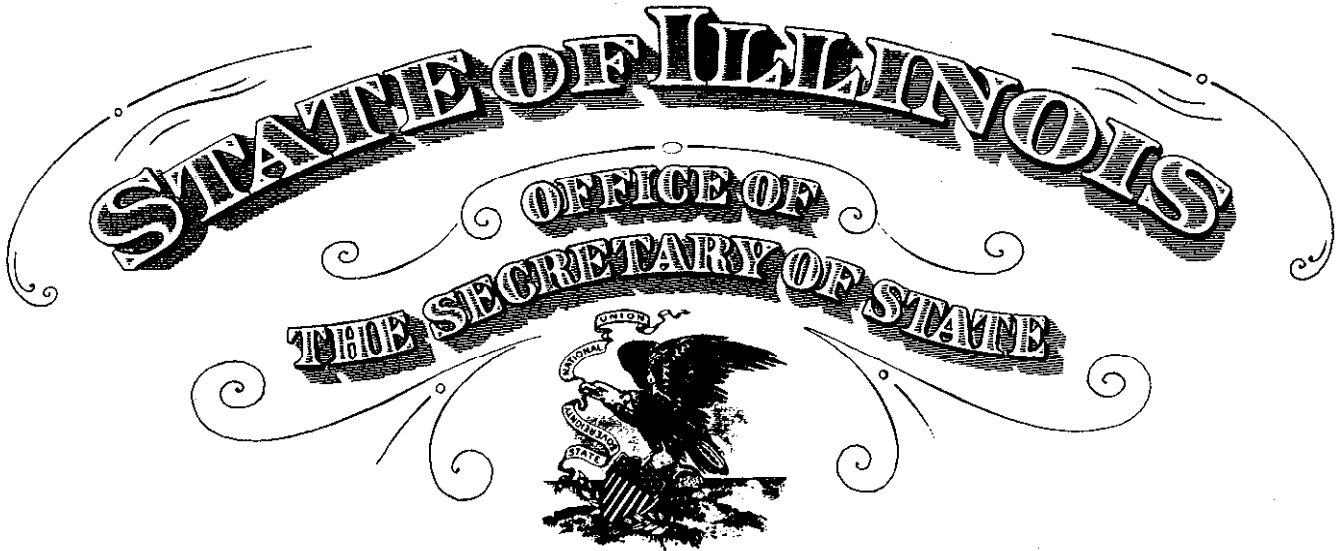

John J. Stauffacher

Subscribed and sworn to before me
this 17th day of January, 2000.



Notary Public





To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION WERE FILED IN THIS OFFICE ON DECEMBER 14, 1999, CHANGING NAME FROM DYNEGY ENERGY SERVICES COMPANY, INC. TO DYNEGY ENERGY SERVICES, INC. *****



In Testimony Whereof, I, hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 14TH
day of JANUARY A.D. 2000 .

Jesse White

SECRETARY OF STATE

Certificate Of Publication

Acct #074940003

Job #101995501

STATE OF ILLINOIS)

)

STAUFFACHER, JOHN J.

Madison County) ss.

EDWARDSVILLE PUBLISHING Co., Inc., a corporation, does hereby certify that it is the publisher of the Edwardsville Intelligencer, a daily secular newspaper of general circulation in said County, printed and published in the City of Edwardsville, in said County and State, and that said newspaper is a newspaper as defined in "An Act to revise the law in relation to notices," approved February 13, 1874, as amended, and that the printed notice hereto annexed and hereby made a part of this certificate has been published in said newspaper at least once each week for

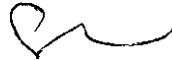
1 times in each and every copy and impression thereof; that the date of the first newspaper containing said publication was January 12 A.D. 2000, and that the date of the last newspaper containing said publication was January 12 A.D. 2000; and that Sara Crook by resolution of the Board of Directors of said Edwardsville Intelligencer, Inc., has been authorized to make this certificate.

IN TESTIMONY WHEREOF said Edwardsville Intelligencer, Inc., has caused this certificate to be executed in its name by said Sara Crook this 13th day of January A.D. 2000.

Publication Fee, \$ 45.00

EDWARDSVILLE INTELLIGENCER Inc.

Rev



PUBLIC NOTICE

State of Illinois
County of Cook
APPLICATION FOR ARES
CERTIFICATION UNDER THE
ILLINOIS COMMERCE COM-
MISSION

Before the Illinois Commerce
Commission

File No. 00-0008

To Whom It May Concern:

The undersigned Applicant hereby gives a notice to the public that Dynegy Energy Services, Inc. has filed for a Certificate of Service Authority with the Illinois Commerce Commission, under Section 16-115 of the Public Utilities Act.

Dated this 10th day of January, 2000.

Applicant's Name and Address:

Dynegy Energy Services, Inc.
1000 Louisiana, Suite 5800
Houston, Texas 77002

Applicant's Representative:

John J. Stauffacher
1000 Louisiana, Suite 5800
Houston, Texas 77002

(1/12, 14)

Confirmed Working Copy, AS amended
1/15/96

SERVICES AND FACILITIES AGREEMENT

(This version of the Agreement incorporates the conditions set forth in the orders from Docket 94-0005 dated 5/13/94 and the addendum approved 10/3/95 in Sections 17 and 16C, respectively/

THIS AGREEMENT is made and entered into this 27th day of May, 1994 by and between Illinois Power Company, an Illinois corporation ("IP") and Illinova Corporation, an Illinois corporation ("Illinova").

WHEREAS, IP has been ordered by the Illinois Commerce Commission ("ICC"), in Docket 92-0404, to form a holding company in which IP and IP Group, inc. ("IP Group") are subsidiaries and Illinova is such holding company;

WHEREAS, IP desires to provide Illinova and Illinova's other subsidiaries (hereinafter collectively "Illinova") with the use of facilities, equipment and/or administrative and management services reasonably necessary for the management of the businesses of Illinova subject to the terms and conditions of this Agreement; and

WHEREAS, Illinova shall pay IP's fully loaded costs for the provision of any and all such services and facilities all as provided in this Agreement;

NOW, THEREFORE in consideration of the terms and conditions hereinafter set forth, IP and Illinova agree as follows:

1. IP may provide Illinova from time to time, as reasonably requested by Illinova, with the use of the following services and/or facilities as provided herein:

A. General management and administrative services, including, but not limited to (i) executive management, legal, accounting, tax services and employee benefits participation/processing, and (ii) treasury and finance services, including, but not limited to, cash management, processing of receipts and disbursements, arranging for short-term and long-term financing, making and managing short-term investments, and provision of cash advances in accordance with Sections 3(G) and 16 hereof.

B. Physical facilities, including, but not limited to, office space, fixtures, furniture, equipment, supplies and other machinery/equipment (collectively "Facilities") used by IP in the provision of Services to Illinova or used by Illinova in its businesses.

2. IP reserves the right, in its exclusive discretion, to schedule the provision of all such Services and Facilities so as not to interfere with its utility operations, which shall have first priority.

3. Illinova agrees to pay IP for such Services and Facilities at IP's fully loaded cost which includes direct labor expense, labor overheads, employee benefits participation/processing expenses, other administrative and general overheads and costs, and

interest on cash advances, as set forth below:

A. Direct labor expense is the cost of the actual time spent by IP employees on work performed for Illinova.

B. Labor overheads consist of costs directly associated with labor such as payroll taxes, paid absence, insurance, pension and other benefits.

C. Employee benefits participation/processing expenses consist of the full cost (i.e. contributions to the plans, direct labor, labor overheads and administrative and general overheads) to IP of Illinova's employees participating in IP's employee benefit plans and all costs incurred by IP in processing any benefits for Illinova's employees under the plans, which include, but are not limited to, the Health Insurance Plan, Pension Plan, Incentive Savings Plan, Long-Term Disability Plan and Life Insurance Plan.

D. Supplies used by Illinova and paid for by IP shall be reimbursed by Illinova at IP's full cost including handling costs.

E. (i) Administrative and general overheads will be determined in a cost study to be performed by the parties.

(ii) Office space use, if any, shall also be determined in the cost study on a rental basis and rent shall be based upon, inter alia, the total cost to IP for use of the office space in any building occupied by Illinova using a comparison of the square footage occupied by Illinova in relation to the total square footage occupied by Illinova and IP and the total cost of the use of such space. A similar determination will be made for use of fixtures, furniture, equipment and other Facilities.

(iii) The cost study shall also consist of a review of employee time and data entries, interviews with Illinova and IP personnel, records review and other activities necessary for making a fair and reasonable allocation of direct and indirect support to Illinova. This study shall be conducted at the conclusion of a six month period for purposes of determining and then billing the administrative and general management overheads as well as determining and billing a monthly amount to cover the costs of employee benefits participation/processing expenses and all other Services and Facilities provided hereunder. The cost study shall be performed periodically thereafter, but no less than annually, for determining costs to be billed to Illinova for continuing Services and Facilities use.

F. Reimbursement (or credit) of any taxes due to operations of Illinova as a result of filing consolidated income tax returns.

G. Interest on cash advances from IP to Illinova shall be calculated at the higher of (i) the interest rate at which Illinova could have borrowed the funds pursuant to an existing bank credit agreement(s) or commercial paper facility(ies) entered into between Illinova and an unaffiliated third party or parties, or (ii) IP's actual interest cost for the funds obtained

or used to provide the cash advance to Illinova.

4. IP shall invoice Illinova for all Services and Facilities, if used, monthly. Invoices will be payable by Illinova 30 days after receipt of invoice.

5. Whenever IP provides Services or Facilities to Illinova, each IP employee providing such Services shall maintain a record of all time spent in performing any Services for Illinova and the use of all Facilities used in the provision of such Services. Executive officers of IP shall provide a written estimate of the percentage of business time spent (on a monthly basis) on behalf of Illinova and shall be included in the cost study.

6. This Agreement shall take effect upon Illinova and IP having received all necessary federal, state and shareholder approvals for the reorganization and for the execution and performance of this Agreement. This Agreement shall remain in effect for an initial term of five (5) years from the date of ICC approval and from year to year thereafter until either party terminates this Agreement by 90 day prior written notice given to the other party before the end of any such term.

7. This Agreement constitutes the sole and entire agreement between the parties with respect to the subject matter herein and supersedes all previous proposals, oral or written, negotiations, representations, commitments and all other communications between the parties. No other terms or conditions shall be binding upon the parties unless accepted by them in writing.

8. This Agreement may not be assigned by either party without the prior written consent of the other party.

9. This Agreement shall be governed by, construed and interpreted pursuant to the laws of the State of Illinois.

10. Every part, term or provision of this Agreement is severable from all others. Notwithstanding any possible future finding by duly constituted authority that a particular part, term or provision is invalid, void or unenforceable, this Agreement has been made with the clear intention that the validity and enforceability of the remaining parts, terms and provisions shall not be affected thereby.

11. The parties agree to comply with all provisions of all laws applicable to this Agreement or the work to be performed hereunder and with all applicable rules, regulations, orders and directives of all governmental bodies having jurisdiction.

12. Failure by either party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that either party may have against the other and shall not be deemed a waiver of any subsequent default of any term and condition hereof.

13. In the performance of the work hereunder, IP shall be an independent contractor with authority to control and direct the performance of the work hereunder except as limited herein.

14. Illinova shall have access to and the right to examine any and all books, documents, papers and records which pertain to the work hereunder. IP shall maintain all such records for a period of seven years after completion or termination of this Agreement. Such examination may be conducted within five business days after notice to IP. IP shall produce all such records at the headquarters of IP.

15. The parties agree to keep confidential all information coming to its knowledge in the course of the performance of the work hereunder relating to the business of either IP or Illinova except that which is required to be disclosed to any governmental body having jurisdiction over either party. If either party is required to make disclosure, such party shall provide 14 days prior written notice to the other party and take all steps necessary to make such disclosure confidential under the rules of the governing body. All such information shall remain the sole property of the party who provided such information in the first instance. The foregoing restrictions on disclosure shall survive the termination or completion of this Agreement.

16. Any cash advances made by IP to Illinova pursuant to this Agreement shall be in accordance with the following terms:

- A. The balance of cash advances at any time shall not exceed the amount of funds which Illinova could borrow directly pursuant to an existing bank credit agreement(s) or commercial paper facility(ies) entered into between Illinova and an unaffiliated third party or parties.
- B. The duration of each cash advance shall not be more than three months. All outstanding cash advances shall be repaid by Illinova as of the end of each calendar quarter.
- c. Finding No. (5) of the Illinois Commerce Commission order in Docket 94-0005 dated October 3, 1995 provided approval for cash advances subject to the conditions that:
 - (1) the cash advances to Illinova shall not at any time exceed the unused balance of funds actually available to Illinova under Illinova's existing bank credit agreements;
 - (2) the cash advances to Illinova shall not at any time exceed the amount of Fifty Million Dollars (\$50,000,000.00);
 - (3) the financial institution with whom Illinova has a bank credit agreement has a bond rating of at least A- by Standard and Poors

and A3 by Moodys at the time the institution enters into said agreement with Illinova:

- (4) the term of the Addendum shall be limited to three years from the date of this Order (October 3, 1995), subject to extension, if deemed appropriate by further order of the Commission, upon application by IP.

17. Illinois Power agreed to the following provisions in obtaining initial approval of this agreement by the Illinois Commerce Commission on May 13, 1994:

- A. Illinois Power will develop written guidelines for charging time, materials, services and facilities to Illinova within sixty days after completion of the first cost study. IP will inform all departments which may provide services to Illinova or its subsidiaries of said guidelines, and will provide the Director of Accounting of the Commission's Public Utility Division with a copy of said guidelines, within sixty days after the adoption thereof.
- B. Illinois Power will submit to the Commission Staff certain information related to its allocation of costs between the Company and its affiliates. This information will be submitted for each calendar year until the Company files its next general rate case; and will consist of a description of each service provided by the Company to its affiliates: the Company's monthly billing to Illinova; the costs allocated to Illinova from Illinois Power; and backup for each allocation.
- C. Illinois Power will allow the Commission's Staff access to all books, accounts and records of the Company, and, to the extent that the Company has or may obtain possession or control of the books, accounts and records of, Illinova and its non-utility subsidiaries which in any way impact on Illinois Power or in order to determine whether there has been any transaction with or impact on Illinois Power.
- D. Illinois Power will perform periodic audits of the transactions performed under the Agreement to ensure compliance with the Commission's order, the Agreement, the current cost studies, and the written guidelines. These written audit reports shall be retained by the Company and will be available for Commission Staff review.

18. Nothing in this Agreement shall be construed as requiring Illinova to use the Services or Facilities of IP and Illinova is free to obtain any such Services or Facilities from third parties.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals effective the day and year first above written.

ILLINOVA CORPORATION

ILLINOIS POWER COMPANY

By: _____
Larry D. Haab
Chairman, President
and Chief Executive Officer

By: _____
Larry F. Altenbaumer
Senior Vice President and
Chief Financial Officer

SERVICES AND FACILITIES AGREEMENT

THIS AGREEMENT is made and entered into this 27th day of May, 1994 by and between Illinois Power Company, an Illinois corporation ("IP") and Illinova Corporation an Illinois corporation ("Illinova").

WHEREAS, IP has been ordered by the Illinois Commerce Commission ("ICC"), in Docket 92-0404, to form a holding company in which IP and IP Group, Inc. ("IP Group") are subsidiaries and Illinova is such holding company;

WHEREAS, IP desires to provide Illinova and Illinova's other subsidiaries (hereinafter collectively "Illinova") with the use of facilities, equipment and/or administrative and management services reasonably necessary for the management of the businesses of Illinova subject to the terms and conditions of this Agreement; and

WHEREAS, Illinova shall pay IP's fully loaded costs for the provision of any and all such services and facilities all as provided in this Agreement;

NOW, THEREFORE in consideration of the terms and conditions hereinafter set forth, IP and Illinova agree as follows;

1. IP may provide Illinova from time to time, as reasonably requested by Illinova, with the use of the following services and/or facilities as provided herein:

A. General management and administrative services, including, but not limited to (i) executive management, legal, accounting, tax services and employee benefits participation/processing, and (ii) treasury and finance services, including, but not limited to, cash management, processing of receipts and disbursements, arranging for short-term and long-term financing, making and managing short-term investments, and provision of cash advances in accordance with Sections 3(G) and 16 hereof.

B. Physical facilities including, but not limited to, office space, fixtures, furniture, equipment, supplies and other machinery/equipment (collectively "Facilities") used by IP in the provision of Services to Illinova or used by Illinova in its businesses.

2. IP reserves the right, in its exclusive discretion, to schedule the provision of all such Services and Facilities so as not to interfere with its utility operations, which shall have first priority,

3. Illinova agrees to pay IP for such Services and Facilities at IP's fully loaded cost which includes direct labor expense, labor overheads, employee benefits participation/processing expenses, other administrative and general overheads and costs, and interest on cash advances, as set forth below:

A. Direct labor expense is the cost of the actual time spent by IP employees on work performed for Illinova.

B. Labor overheads consist of costs directly associated with labor such as payroll taxes, paid absence, insurance, pension and other benefits.

C. Employee benefits participation/processing expenses consist of the full cost (i.e. contributions to the plans, direct labor, labor overheads and administrative and general overheads) to IP of Illinova's employees participating in IP's employee benefit plans and all costs incurred by IP in processing any benefits for Illinova's employees under the plans, which include, but are not limited to, the Health Insurance Plan, Pension Plan, Incentive Savings Plan, Long-Term Disability Plan and Life Insurance Plan.

D. Supplies used by Illinova and paid for by IP shall be reimbursed by Illinova at IP's full cost including handling costs.

E. (i) Administrative and general overheads will be determined in a cost study to be performed by the parties.

(ii) Office space use, if any, shall also be determined in the cost study on a rental basis and rent shall be based upon, inter alia, the total cost to IP for use of the office space in any building occupied by Illinova using a comparison of the square footage occupied by Illinova in relation to the total square footage occupied by Illinova and IP and the total cost of the use of such space. A similar determination will be made for use of fixtures, furniture, equipment and other Facilities,

(iii) The cost study shall also consist of a review of employee time and data entries, interviews with Illinova and IP personnel, records review and other activities necessary for making a fair and reasonable allocation of direct and indirect support to Illinova. This study shall be conducted at the conclusion of a six month period for purposes of determining and then billing the administrative and general management overheads as well as determining and billing a monthly amount to cover the costs of employee benefits participation/processing expenses and all other Services and Facilities provided hereunder. The cost study shall be performed periodically thereafter, but no less than annually, for determining costs to be billed to Illinova for continuing Services and Facilities use.

F. Reimbursement (or credit) of any taxes due to operations of Illinova as a result of filing consolidated income tax returns.

G. Interest on cash advances from IP to Illinova shall be calculated at the higher of (i) the interest rate at which Illinova could have borrowed the funds pursuant to an existing bank credit agreement(s) or commercial paper facility(ies) entered into between Illinova and an unaffiliated third party or parties, or (ii) IP's actual interest cost for the funds obtained or used to provide the cash advance to Illinova.

4. IP shall invoice Illinova for all Services and Facilities, if used, monthly. Invoices will be payable by Illinova 30 days after receipt of invoice.

5. Whenever IP provides Services or Facilities to Illinova, each IP employee providing such Services shall maintain a record of all time spent in performing any Services for Illinova and the use of all Facilities used in the provision of such Services. Executive officers of IP shall provide a written estimate of the percentage of business time spent (on a monthly basis) on behalf of Illinova and shall be included in the cost study.

6. This Agreement shall take effect upon Illinova and IP having received all necessary federal, state and shareholder approvals for the reorganization and for the execution and performance of this Agreement. This Agreement shall remain in effect for an initial term of five (5) years from the date of ICC approval and from year to year thereafter until either party terminates this Agreement by 90 day prior written notice given to the other party before the end of any such term.

7. This Agreement constitutes the sole and entire agreement between the parties with respect to the subject matter herein and supersedes all previous proposals, oral or written, negotiations, representations, commitments and all other communications between the parties. No other terms or conditions shall be binding upon the parties unless accepted by them in writing.

8. This Agreement may not be assigned by either party without the prior written consent of the other party.

9. This Agreement shall be governed by, construed and interpreted pursuant to the laws of the State of Illinois.

10. Every part, term or provision of this Agreement is severable from all others. Notwithstanding any possible future finding by duly constituted authority that a particular part, term or provision is invalid, void or unenforceable, this Agreement has been made with the clear intention that the validity and enforceability of the remaining parts, terms and provisions shall not be affected thereby.

11. The parties agree to comply with all provisions of all laws applicable to this Agreement or the work to be performed hereunder and with all applicable rules, regulations, orders and directives of all governmental bodies having jurisdiction.

12. Failure by either party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that either party may have against the other and shall not be deemed a waiver of any subsequent default of any term and condition hereof,

13. In the performance of the work hereunder, IP shall be an independent contractor with authority to control and direct the performance of the work hereunder except as limited herein.

14. Illinova shall have access to and the right to examine any and all books, documents, papers and records which pertain to the work hereunder. IP shall maintain all such records for a period of seven years after completion or termination of this Agreement. Such examination may be conducted within Five business days after notice to IP. IP shall produce all such records at the headquarters of IP.

15. The parties agree to keep confidential all information coming to its knowledge in the course of the performance of the work hereunder relating to the business of either IP or Illinova except that which is required to be disclosed to any governmental body having jurisdiction over either party. If either party is required to make disclosure, such party shall provide 14 days prior written notice to the other party and take all steps necessary to make such disclosure confidential under the rules of the governing body. All such information shall remain the sole property of the party who provided such information in the first instance. The foregoing restrictions on disclosure shall survive the termination or completion of this Agreement.

16. Any cash advances made by IP to Illinova pursuant to this Agreement shall be in accordance with the following terms:

- A. The balance of cash advances at any time shall not exceed the amount of funds which Illinova could borrow directly pursuant to an existing bank credit agreement(s) or commercial paper facility(ies) entered into between Illinova and an unaffiliated third party or parties.
- B. The duration of each cash advance shall not be more than three months
All outstanding cash advances shall be repaid by Illinova as of the end of each calendar quarter.
- C. Finding No. (5) of the Illinois Commerce Commission order in Docket 94.0005 dated October 3, 1995 provided approval for cash advances subject to the conditions that:
 - (1) the cash advances to Illinova shall not at any time exceed the unused balance of Funds actually available to Illinova under Illinova's existing bank credit agreements;

- (2) the cash advances to Illinova shall not at any time exceed the amount of Fifty Million Dollars (\$50,000,000.00);
- (3) the financial institution with whom Illinova has a bank credit agreement has a bond rating of at least A- by Standard and Poors and A3 by Moodys at the time the institution enters into said agreement with Illinova;
- (4) the term of the Addendum shall be limited to three years from the date of this Order (October 3, 1995). subject to extension, if deemed appropriate by further order of the Commission, upon application by IP.

17. Illinois Power agreed to the following provisions in obtaining initial approval of this agreement by the Illinois Commerce Commission on May 13, 1994:

- A. Illinois Power will develop written guidelines for charging time, materials, services and facilities to Illinova within sixty days after completion of the first cost study. IP will inform all departments which may provide services to Illinova or its subsidiaries of said guidelines, and will provide the Director of Accounting of the Commission's Public Utility Division with a copy. of said guidelines, within sixty days after the adoption thereof.
- B. Illinois Power will submit to the Commission Staff certain information related to its allocation of costs between the Company and its affiliates. This information will be submitted for each calendar year until the Company files its next general rate case; and will consist of a description of each service provided by the Company to its affiliates; the Company's monthly billing to Illinova; the costs allocated to Illinova from Illinois Power; and backup for each allocation.
- C. Illinois Power will allow the Commission's Staff access to all books, accounts and records of the Company, and, to the extent that the Company has or may obtain possession or control of the books, accounts and records of, Illinova and its non-utility subsidiaries which in any way impact on Illinois Power or in order to determine whether there has been any transaction with or impact on Illinois Power.
- D. Illinois Power will perform periodic audits of the transactions performed under the Agreement to ensure compliance with the Commission's order, the Agreement, the current cost studies, and the written guidelines. These written audit reports shall be retained by the Company and will be available for Commission Staff review.

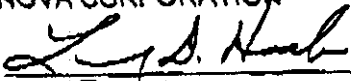
18. Nothing in this Agreement shall be construed as requiring Illinova to use the

Services or Facilities of IP and Illinova is free to obtain any such Services or Facilities from third parties.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals effective the day and year first above written.

ILLINOVA CORPORATION

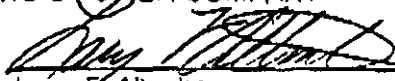
By:



Larry D. Haab
Chairman, President
and Chief Executive Officer

ILLINOIS POWER COMPANY

By:



Larry F. Altenbaumer
Senior Vice President and
Chief Financial Officer